

July 24, 2001

PUC 110
X - PUG 000
R.00-10-002

ADVICE LETTER 1320-E-A
(U 902-E)

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

**SUBJECT: SUPPLEMENTAL FILING - REQUEST FOR APPROVAL TO IMPLEMENT AIR
CONDITIONING CYCLING AND OTHER INTERRUPTION PROGRAMS TARGETED
TO RESIDENTIAL AND SMALL COMMERCIAL CUSTOMERS**

San Diego Gas & Electric Company (SDG&E) hereby submits a supplement to Advice Letter 1320-E, dated May 1, 2001, which was filed in compliance with Decision (D.) 01-04-006, dated April 3, 2001, in OIR 00-10-002. Advice Letter 1320-E requested California Public Utilities Commission (CPUC or Commission) approval to implement air conditioning cycling and other electric appliance and equipment interruption programs targeted to residential and small commercial customers. **It is intended that this Advice Letter supplement, but not replace, Advice Letter 1320-E.**

PURPOSE

In accordance with Ordering Paragraph 16 of D.01-04-006, SDG&E is filing this supplemental Advice Letter to propose the addition of a new sub-account, to its Interruptible Load and Rotating Outage Programs Memorandum Account (ILROPMA). It is intended that the proposed sub-account will track all dollars that SDG&E spends above funds authorized in current rates, if any, to implement SDG&E's Electric Appliance and Equipment Interruption Program, as proposed in Rule 14.1 filed by Advice Letter 1320-E. Appendix B to Advice Letter 1320-E included the proposed Rule 14.1, a proposed Agreement form, and an Attachment 1 to the Agreement. SDG&E intends to include each of these proposed tariffs, including the proposed addition to the ILROPMA proposed herein, in its filed electric tariffs once these tariffs are submitted in final form and approved by the Commission.

BACKGROUND

In D.01-04-006, the Commission directed SDG&E to explore reasonable options for implementing air conditioning cycling and other electric motor interruption programs targeted to residential and

commercial customers with an Advice Letter to be filed and served no later than May 1, 2001. SDG&E was directed to analyze and report on alternatives, and seek approval of the most reasonable alternatives, including proposed tariffs for implementation. The analysis of each alternative shall include cost, amount of load reduction, means to verify load reductions, and timeliness of implementation (D. 00-04-006 at pg. 36). SDG&E filed Advice Letter 1320-E as required by D.01-04-006.

This supplemental filing will not increase any rate or charge, conflict with any rate schedules or rules, nor cause the withdrawal of service.

EFFECTIVE DATE

Since this supplement to Advice Letter 1320-E is being submitted in further compliance with D.01-04-006, SDG&E requests that it become effective on the date the Energy Division staff sends a letter to SDG&E providing notification that Advice Letter 1320-E has been reviewed and approved.

PROTEST

Anyone may protest this Advice Letter to the California Public Utilities Commission. The protest must state the grounds upon which it is based, including such items as financial and service impact, and should be submitted expeditiously. The protest must be made in writing and received within 20 days of the date this Advice Letter was filed with the Commission. There is no restriction on who may file a protest. The address for mailing or delivering a protest to the Commission is:

Energy Division – IMC Branch
California Public Utilities Commission
505 Van Ness Avenue, 4th Floor
San Francisco, CA 94102

It is also requested that a copy of the protest be sent via both e-mail and facsimile to the address shown below on the same date it is mailed or delivered to the Commission.

Attn: C. Richard Swanson
Regulatory Tariff Manager
101 Ash Street - HQ14D
San Diego, CA 92101-3017
Facsimile No. (619) 696-4027
E-mail: rswanson@sempra.com

NOTICE

In accordance with Section III-G of General Order 96-A, a copy of this supplemental filing has been served on the utilities and interested parties shown on the attached list, including interested parties in OIR 00-10-002, by either providing them a copy electronically or by mailing them a copy hereof, properly stamped and addressed.

Address changes should be directed to Martha Ulloa by facsimile at (619) 696-4027 or by e-mail to mulloa@sempra.com.

LEE SCHAVRIEN
Director, Regulatory Case Management
& Tariff Administration

Enclosures
(cc list attached)

(S:Reg_aff/Data/AdviceLetters/1320-E-A.doc)

ATTACHMENT A
ADVICE LETTER 1320-E-A

| Cal. P.U.C. Sheet No. | Title of Sheet | Canceling Cal. P.U.C. Sheet No. |
|--------------------------|--|------------------------------------|
| Revised 14689-E | PRELIMINARY STATEMENT, III. MEMORANDUM ACCOUNTS, Sheet 1 | Revised 14537-E |
| Revised 14690-E | PRELIMINARY STATEMENT, III. MEMORANDUM ACCOUNTS, Sheet 51 | Revised 14672-E |
| Revised 14691-E | PRELIMINARY STATEMENT, III. MEMORANDUM ACCOUNTS, Sheet 52 | Revised 14672-E |
| Revised 14692-E | PRELIMINARY STATEMENT, III. MEMORANDUM ACCOUNTS, Sheet 53 | Original 14538-E |
| Revised 14693-E | TABLE OF CONTENTS, Sheet 1 | Revised 14687-E |



PRELIMINARY STATEMENT

Sheet 1

III. MEMORANDUM ACCOUNTS

| <u>Description</u> | <u>Sheet No.</u> |
|--|------------------|
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| A. Electric and Magnetic Fields Memorandum Account (EMFMA) | 3 |
| B. Catastrophic Event Memorandum Account (CEMA) | 4 |
| C. Women/Minority/Disabled Veterans Business Enterprise (WMDVBE) | 6 |
| D. PBR Consultant Services (PBRCS) Memorandum Account | 7 |
| E. Independent System Operator Memorandum Account (ISOMA) | 8 |
| F. Power Exchange Memorandum Account (PXMA) | 9 |
| G. Transition Cost Audit Memorandum Account (TCAMA) | 10 |
| H. Industry Restructuring Memorandum Account (IRMA) | 11 |
| I. Competition Transition Charge Exemptions Memorandum Account (CTCEMA) | 22 |
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| FF. Real-Time Energy Metering Memorandum Account (RTEMMA) | 53 |

Note: 1) SONGS 2&3 Property Tax Memorandum Account, see Section V.G.
 2) SONGS 2&3 Unamortized Nuclear Fuel Inventory Memorandum Account, see Section V.I.
 3) SONGS 2&3 Permanent Closure Noninvestment-Related Expenses Memorandum Account, see Section V.J.

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Advice Ltr. No. 1320-E-A

Decision No. 01-04-006

Issued by
William L. Reed
Vice President
Chief Regulatory Officer

Date Filed Jul 24, 2001

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PRELIMINARY STATEMENT

III. MEMORANDUM ACCOUNTS

DD. INTERRUPTIBLE LOAD AND ROTATING OUTAGE PROGRAMS MEMORANDUM ACCOUNT (ILROPMA) (Continued)

4. Accounting Procedure (Continued)

G. Demand Bidding Program Account (Continued)

- c. A debit entry for capital-related costs associated with the program, study, or system modification, including depreciation, taxes and return on investment.
- d. A credit entry equal to the possible funding received for the program from, but not limited to, California Energy Commission (CEC), Independent System Operator (ISO), California Department of Water Resources (DWR), and utility rates. The ISO or DWR credit shall be recorded in the ILROPMA and not in any procurement account.

H. Air Conditioner Cycling Program Account

- a. A debit entry equal to the incremental expenses recorded in SDG&E's Operating and Maintenance account that are incurred as a result of the design, implementation, administration, monitoring and evaluation of the program, including the cost of non-capital-related equipment.
- b. A debit entry equal to the customer incentives recorded in SDG&E's Operating & Maintenance account and credited against program participants' bills.
- c. A debit entry equal to the expenses recorded in SDG&E's Capital account for capital-related costs associated with the program, which includes, but is not limited to, the cost of purchase and installation of capital equipment.
- d. A credit entry equal to the funding received for the program expenses from, but not limited to, utility rates.

Interest shall be calculated on the average of the balance in each of the accounts above at the beginning of the month and the balance after entries above, at a rate equal to one-twelfth of the interest rate on three-month Commercial Paper for the previous month, as reported in the Federal Reserve Statistical Release, G.13, or its successor publication.

5. Disposition

Disposition of the net balance in the ILROPMA shall be determined in a proceeding expressly authorized by the Commission.

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PRELIMINARY STATEMENT

III. MEMORANDUM ACCOUNTS

EE. LARGE CUSTOMER REVENUE SHORTFALL MEMORANDUM ACCOUNT (LCRSMA)

1. Purpose: The purpose of the LCRSMA is to record any revenues and revenue shortfall associated with the electric commodity rate freeze authorized for large customers pursuant to D.01-05-060 and Assembly Bill (AB) X1 43.
2. Applicability: THE LCRSMA shall apply to those utility bundled service commodity customers eligible under AB X1 43, as defined in Rule 1 – “Initial Frozen Rate (IFR).”
3. Rates: The LCRSMA does not have a rate component.
4. Accounting Procedure: The utility shall maintain the LCRSMA by making entries at the end of each month as follows:
 - a. An entry equal to any revenues and revenue shortfall incurred as a result of the AB X1 43 electric commodity rate freeze, as defined in Rule 1 – “Initial Frozen Rate (IFR).”
 - b. An entry equal to interest on the average balance in the account at the beginning of the month and the balance after entry 4.a above, at a rate equal to one-twelfth of the interest rate on three-month Commercial Paper for the previous month, as reported in the Federal Reserve Statistical Release, G.13, or its successor publication.
5. Disposition: Disposition of the net balance in the LCRSMA shall be determined in a manner expressly authorized by the Commission.

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PRELIMINARY STATEMENT

III. MEMORANDUM ACCOUNTS

FF. REAL-TIME ENERGY METERING MEMORANDUM ACCOUNT (RTEMMA)

1. Purpose: The purpose of the RTEMMA is to record the costs associated with the utility's approved Real-Time Energy Metering (RTEM) program as outlined in the Commission's Decision (D.) 01-05-032, dated May 3, 2001. This program is designed to install real-time energy meters for SDG&E's large customers with peak demand of 100 kW or more.
2. Applicability: The RTEMMA shall apply to all customers, unless any customer classes are specifically excluded by the Commission.
3. Rates: The RTEMMA does not have a rate component.
4. Accounting Procedure: The utility shall maintain the RTEMMA by making entries at the end of each month as follows:
 - a. RTEM Capital Expenditures Account
A debit entry equal to the capital-related costs, including depreciation, return on investment and related taxes, attributable to capital investment made to implement this program. Capital investment for the RTEM program includes, but is not limited to, procurement and installation of meters for customers subject to the program.
 - b. RTEM Operation and Maintenance (O&M) Costs Account
A debit entry equal to the incremental O&M costs incurred by the utility associated with this program, including but not limited to, the costs of marketing, contract administration, regulatory reporting, program design, telecommunications, operation and maintenance of equipment and evaluation.
 - c. A credit entry to transfer all or a portion of the balance in the RTEMMA to other balancing accounts for future rate recovery, as may be approved by the Commission.
 - d. A debit entry equal to the interest on the average of the balance at the beginning of the month and the balance after the entry 4.a. for each account, at a rate equal to one-twelfth of the interest rate on three-month Commercial Paper for the previous month, as reported in the Federal Reserve Statistical Release, G.13, or its successor publication.
5. Disposition: Recovery of amounts in the RTEMMA shall be authorized in the utility's 2003 Performance-Based Ratemaking (PBR) and Cost-of-Service proceeding.



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